

AMENDED IN ASSEMBLY AUGUST 18, 2014

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN ASSEMBLY MAY 6, 2014

AMENDED IN ASSEMBLY APRIL 21, 2014

AMENDED IN ASSEMBLY SEPTEMBER 12, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 24, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 25, 2013

SENATE BILL

No. 69

Introduced by Senators Roth and Emmerson
(Coauthors: Assembly Members Linder and Melendez)

January 10, 2013

An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 69, as amended, Roth. Local government finance: property tax revenue allocation: vehicle license fee adjustments.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction shall be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year,

subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2014–15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

This bill would incorporate additional changes to Section 97.70 of the Revenue and Taxation Code made by this bill and AB 1521, to take effect if both bills are chaptered and this bill is chaptered last.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 97.70 of the Revenue and Taxation Code
2 is amended to read:

3 97.70. Notwithstanding any other law, for the 2004–05 fiscal
4 year and for each fiscal year thereafter, all of the following apply:

5 (a) (1) (A) The auditor shall reduce the total amount of ad
6 valorem property tax revenue that is otherwise required to be
7 allocated to a county’s Educational Revenue Augmentation Fund
8 by the countywide vehicle license fee adjustment amount.

9 (B) If, for the fiscal year, after complying with Section 97.68
10 there is not enough ad valorem property tax revenue that is
11 otherwise required to be allocated to a county Educational Revenue
12 Augmentation Fund for the auditor to complete the allocation
13 reduction required by subparagraph (A), the auditor shall
14 additionally reduce the total amount of ad valorem property tax
15 revenue that is otherwise required to be allocated to all school
16 districts and community college districts in the county for that
17 fiscal year by an amount equal to the difference between the
18 countywide vehicle license fee adjustment amount and the amount
19 of ad valorem property tax revenue that is otherwise required to
20 be allocated to the county Educational Revenue Augmentation
21 Fund for that fiscal year. This reduction for each school district
22 and community college district in the county shall be the percentage
23 share of the total reduction that is equal to the proportion that the
24 total amount of ad valorem property tax revenue that is otherwise
25 required to be allocated to the school district or community college
26 district bears to the total amount of ad valorem property tax revenue
27 that is otherwise required to be allocated to all school districts and
28 community college districts in a county. For purposes of this
29 subparagraph, “school districts” and “community college districts”
30 do not include any districts that are excess tax school entities, as
31 defined in Section 95.

32 (2) The countywide vehicle license fee adjustment amount shall
33 be allocated to the Vehicle License Fee Property Tax Compensation
34 Fund that shall be established in the treasury of each county.

35 (b) (1) The auditor shall allocate moneys in the Vehicle License
36 Fee Property Tax Compensation Fund according to the following:

37 (A) Each city in the county shall receive its vehicle license fee
38 adjustment amount.

1 (B) Each county and city and county shall receive its vehicle
2 license fee adjustment amount.

3 (2) The auditor shall allocate one-half of the amount specified
4 in paragraph (1) on or before January 31 of each fiscal year, and
5 the other one-half on or before May 31 of each fiscal year.

6 (c) For purposes of this section, all of the following apply:

7 (1) “Vehicle license fee adjustment amount” for a particular
8 city, county, or a city and county means, subject to an adjustment
9 under paragraph (2) and Section 97.71, all of the following:

10 (A) For the 2004–05 fiscal year, an amount equal to the
11 difference between the following two amounts:

12 (i) The estimated total amount of revenue that would have been
13 deposited to the credit of the Motor Vehicle License Fee Account
14 in the Transportation Tax Fund, including any amounts that would
15 have been certified to the Controller by the auditor of the County
16 of Ventura under subdivision (j) of Section 98.02, as that section
17 read on January 1, 2004, for distribution under the law as it read
18 on January 1, 2004, to the county, city and county, or city for the
19 2004–05 fiscal year if the fee otherwise due under the Vehicle
20 License Fee Law (Part 5 (commencing with Section 10701) of
21 Division 2) was 2 percent of the market value of a vehicle, as
22 specified in Sections 10752 and 10752.1 as those sections read on
23 January 1, 2004.

24 (ii) The estimated total amount of revenue that is required to be
25 distributed from the Motor Vehicle License Fee Account in the
26 Transportation Tax Fund to the county, city and county, and each
27 city in the county for the 2004–05 fiscal year under Section 11005,
28 as that section read on the operative date of the act that amended
29 this clause.

30 (B) (i) Subject to an adjustment under clause (ii), for the
31 2005–06 fiscal year, the sum of the following two amounts:

32 (I) The difference between the following two amounts:

33 (ia) The actual total amount of revenue that would have been
34 deposited to the credit of the Motor Vehicle License Fee Account
35 in the Transportation Tax Fund, including any amounts that would
36 have been certified to the Controller by the auditor of the County
37 of Ventura under subdivision (j) of Section 98.02, as that section
38 read on January 1, 2004, for distribution under the law as it read
39 on January 1, 2004, to the county, city and county, or city for the
40 2004–05 fiscal year if the fee otherwise due under the Vehicle

License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ib) The actual total amount of revenue that was distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this subsubclause.

(II) The product of the following two amounts:

(ia) The amount described in subclause (I).

(ib) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city’s jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city’s previous jurisdictional boundaries, without regard to the change in that city’s jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city’s current jurisdictional boundaries.

(ii) The amount described in clause (i) shall be adjusted as follows:

(I) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is greater than the amount described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be increased by an amount equal to this difference.

(II) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is less than the amount described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be decreased by an amount equal to this difference.

(C) For the 2006–07 fiscal year and for each fiscal year thereafter, the sum of the following two amounts:

1 (i) The vehicle license fee adjustment amount for the prior fiscal
2 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
3 apply for that fiscal year, for that city, county, and city and county.

4 (ii) The product of the following two amounts:

5 (I) The amount described in clause (i).

6 (II) The percentage change from the prior fiscal year to the
7 current fiscal year in gross taxable assessed valuation within the
8 jurisdiction of the entity, as reflected in the equalized assessment
9 roll for those fiscal years. For the first fiscal year for which a
10 change in a city's jurisdictional boundaries first applies, the
11 percentage change in gross taxable assessed valuation from the
12 prior fiscal year to the current fiscal year shall be calculated solely
13 on the basis of the city's previous jurisdictional boundaries, without
14 regard to the change in that city's jurisdictional boundaries. For
15 each following fiscal year, the percentage change in gross taxable
16 assessed valuation from the prior fiscal year to the current fiscal
17 year shall be calculated on the basis of the city's current
18 jurisdictional boundaries.

19 (2) Notwithstanding paragraph (1), "vehicle license fee
20 adjustment amount," ~~for the 2014–15 fiscal year and each fiscal~~
21 ~~year thereafter~~, for a city incorporating after January 1, 2004, and
22 on or before January 1, 2012, means the following:

23 (A) ~~For the 2014–15 fiscal year, or the first year of incorporation~~
24 ~~of the city, whichever is later~~, the quotient derived from the
25 following fraction:

26 (i) The numerator is the product of the following two amounts:

27 (I) The sum of the most recent vehicle license fee adjustment
28 amounts determined for all cities in the county.

29 (II) The population of the incorporating city.

30 (ii) The denominator is the sum of the populations of all cities
31 in the county.

32 (B) ~~For the following 2015–16 fiscal year~~, and for each fiscal
33 year thereafter, the sum of the following two amounts:

34 (i) The vehicle license fee adjustment amount for the prior fiscal
35 year.

36 (ii) The product of the following two amounts:

37 (I) The amount described in clause (i).

38 (II) The percentage change from the prior fiscal year to the
39 current fiscal year in gross taxable assessed valuation within the

1 jurisdiction of the entity, as reflected in the equalized assessment
2 roll for those fiscal years.

3 (3) For the 2013–14 fiscal year, the vehicle license fee
4 adjustment amount that is determined under subparagraph (C) of
5 paragraph (1) for the County of Orange shall be increased by
6 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
7 year and each fiscal year thereafter, the calculation of the vehicle
8 license fee adjustment amount for the County of Orange under
9 subparagraph (C) of paragraph (1) shall be based on a prior fiscal
10 year amount that reflects the full amount of this one-time increase
11 of fifty-three million dollars (\$53,000,000).

12 (4) “Countywide vehicle license fee adjustment amount” means,
13 for any fiscal year, the total sum of the amounts described in
14 paragraphs (1), (2), and (3) for a county or city and county, and
15 each city in the county.

16 (5) On or before June 30 of each fiscal year, the auditor shall
17 report to the Controller the vehicle license fee adjustment amount
18 for the county and each city in the county for that fiscal year.

19 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
20 the amounts determined under subdivision (a) of Section 96.1, or
21 any successor to that provision, shall not reflect, for a preceding
22 fiscal year, any portion of any allocation required by this section.

23 (e) For purposes of Section 15 of Article XI of the California
24 Constitution, the allocations from a Vehicle License Fee Property
25 Tax Compensation Fund constitute successor taxes that are
26 otherwise required to be allocated to counties and cities, and as
27 successor taxes, the obligation to make those transfers as required
28 by this section shall not be extinguished nor disregarded in any
29 manner that adversely affects the security of, or the ability of, a
30 county or city to pay the principal and interest on any debts or
31 obligations that were funded or secured by that city’s or county’s
32 allocated share of motor vehicle license fee revenues.

33 (f) This section shall not be construed to do any of the following:

34 (1) Reduce any allocations of excess, additional, or remaining
35 funds that would otherwise have been allocated to county
36 superintendents of schools, cities, counties, and cities and counties
37 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
38 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
39 with Section 98) had this section not been enacted. The allocations

1 required by this section shall be adjusted to comply with this
2 paragraph.

3 (2) Require an increased ad valorem property tax revenue
4 allocation or increased tax increment allocation to a community
5 redevelopment agency.

6 (3) Alter the manner in which ad valorem property tax revenue
7 growth from fiscal year to fiscal year is otherwise determined or
8 allocated in a county.

9 (4) Reduce ad valorem property tax revenue allocations required
10 under Article 4 (commencing with Section 98).

11 (g) Tax exchange or revenue sharing agreements, entered into
12 prior to the operative date of this section, between local agencies
13 or between local agencies and nonlocal agencies are deemed to be
14 modified to account for the reduced vehicle license fee revenues
15 resulting from the act that added this section. These agreements
16 are modified in that these reduced revenues are, in kind and in lieu
17 thereof, replaced with ad valorem property tax revenue from a
18 Vehicle License Fee Property Tax Compensation Fund or an
19 Educational Revenue Augmentation Fund.

20 *SEC. 1.5. Section 97.70 of the Revenue and Taxation Code is*
21 *amended to read:*

22 97.70. Notwithstanding any other law, for the 2004–05 fiscal
23 year and for each fiscal year thereafter, all of the following apply:

24 (a) (1) (A) The auditor shall reduce the total amount of ad
25 valorem property tax revenue that is otherwise required to be
26 allocated to a county's Educational Revenue Augmentation Fund
27 by the countywide vehicle license fee adjustment amount.

28 (B) If, for the fiscal year, after complying with Section 97.68
29 there is not enough ad valorem property tax revenue that is
30 otherwise required to be allocated to a county Educational Revenue
31 Augmentation Fund for the auditor to complete the allocation
32 reduction required by subparagraph (A), the auditor shall
33 additionally reduce the total amount of ad valorem property tax
34 revenue that is otherwise required to be allocated to all school
35 districts and community college districts in the county for that
36 fiscal year by an amount equal to the difference between the
37 countywide vehicle license fee adjustment amount and the amount
38 of ad valorem property tax revenue that is otherwise required to
39 be allocated to the county Educational Revenue Augmentation
40 Fund for that fiscal year. This reduction for each school district

1 and community college district in the county shall be the percentage
2 share of the total reduction that is equal to the proportion that the
3 total amount of ad valorem property tax revenue that is otherwise
4 required to be allocated to the school district or community college
5 district bears to the total amount of ad valorem property tax revenue
6 that is otherwise required to be allocated to all school districts and
7 community college districts in a county. For purposes of this
8 subparagraph, “school districts” and “community college districts”
9 do not include any districts that are excess tax school entities, as
10 defined in Section 95.

11 (2) The countywide vehicle license fee adjustment amount shall
12 be allocated to the Vehicle License Fee Property Tax Compensation
13 Fund that shall be established in the treasury of each county.

14 (b) (1) The auditor shall allocate moneys in the Vehicle License
15 Fee Property Tax Compensation Fund according to the following:

16 (A) Each city in the county shall receive its vehicle license fee
17 adjustment amount.

18 (B) Each county and city and county shall receive its vehicle
19 license fee adjustment amount.

20 (2) The auditor shall allocate one-half of the amount specified
21 in paragraph (1) on or before January 31 of each fiscal year, and
22 the other one-half on or before May 31 of each fiscal year.

23 (c) For purposes of this section, all of the following apply:

24 (1) “Vehicle license fee adjustment amount” for a particular
25 city, county, or a city and county means, subject to an adjustment
26 under paragraph (2) and Section 97.71, all of the following:

27 (A) For the 2004–05 fiscal year, an amount equal to the
28 difference between the following two amounts:

29 (i) The estimated total amount of revenue that would have been
30 deposited to the credit of the Motor Vehicle License Fee Account
31 in the Transportation Tax Fund, including any amounts that would
32 have been certified to the Controller by the auditor of the County
33 of Ventura under subdivision (j) of Section 98.02, as that section
34 read on January 1, 2004, for distribution under the law as it read
35 on January 1, 2004, to the county, city and county, or city for the
36 2004–05 fiscal year if the fee otherwise due under the Vehicle
37 License Fee Law (~~Pt.~~ *Part 5* (commencing with Section 10701)
38 of ~~Div.~~ *Division 2*) was 2 percent of the market value of a vehicle,
39 as specified in ~~Section~~ *Sections* 10752 and 10752.1 as those
40 sections read on January 1, 2004.

(ii) The estimated total amount of revenue that is required to be distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this clause.

(B) (i) Subject to an adjustment under clause (ii), for the 2005–06 fiscal year, the sum of the following two amounts:

(I) The difference between the following two amounts:

~~(Ha)~~

(ia) The actual total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004–05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

~~(Hb)~~

(ib) The actual total amount of revenue that was distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this ~~sub-subclause~~ *subsubclause*.

(II) The product of the following two amounts:

~~(Ha)~~

(ia) The amount described in subclause (I).

~~(Hb)~~

(ib) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely

1 on the basis of the city's previous jurisdictional boundaries, without
2 regard to the change in that city's jurisdictional boundaries. For
3 each following fiscal year, the percentage change in gross taxable
4 assessed valuation from the prior fiscal year to the current fiscal
5 year shall be calculated on the basis of the city's current
6 jurisdictional boundaries.

7 (ii) The amount described in clause (i) shall be adjusted as
8 follows:

9 (I) If the amount described in subclause (I) of clause (i) for a
10 particular city, county, or city and county is greater than the amount
11 described in subparagraph (A) for that city, county, or city and
12 county, the amount described in clause (i) shall be increased by
13 an amount equal to this difference.

14 (II) If the amount described in subclause (I) of clause (i) for a
15 particular city, county, or city and county is less than the amount
16 described in subparagraph (A) for that city, county, or city and
17 county, the amount described in clause (i) shall be decreased by
18 an amount equal to this difference.

19 (C) For the 2006–07 fiscal year and for each fiscal year
20 thereafter, year, to the 2013–14 fiscal year, inclusive, the sum of
21 the following two amounts:

22 (i) The vehicle license fee adjustment amount for the prior fiscal
23 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
24 apply for that fiscal year, for that city, county, and city and county.

25 (ii) The product of the following two amounts:

26 (I) The amount described in clause (i).

27 (II) The percentage change from the prior fiscal year to the
28 current fiscal year in gross taxable assessed valuation within the
29 jurisdiction of the entity, as reflected in the equalized assessment
30 roll for those fiscal years. For the first fiscal year for which a
31 change in a city's jurisdictional boundaries first applies, the
32 percentage change in gross taxable assessed valuation from the
33 prior fiscal year to the current fiscal year shall be calculated solely
34 on the basis of the city's previous jurisdictional boundaries, without
35 regard to the change in that city's jurisdictional boundaries. For
36 each following fiscal year, the percentage change in gross taxable
37 assessed valuation from the prior fiscal year to the current fiscal
38 year shall be calculated on the basis of the city's current
39 jurisdictional boundaries.

1 (D) For the 2014–15 fiscal year, the sum of the following two
2 amounts:
3 (i) The amount described in clause (i) of subparagraph (B) if
4 Section 97.71 and clause (ii) of subparagraph (B) did not apply
5 for that fiscal year, for that city, county, and city and county.
6 (ii) The product of the following two amounts:
7 (I) The amount described in clause (i).
8 (II) The percentage change from the 2004–05 fiscal year to the
9 2014–15 fiscal year, inclusive, in gross taxable assessed valuation
10 within the jurisdiction of the entity, as reflected in the equalized
11 assessment roll for those fiscal years.
12 (E) For the 2015–16 fiscal year and each fiscal year thereafter,
13 the sum of the following two amounts:
14 (i) The vehicle license fee adjustment amount for the prior fiscal
15 year.
16 (ii) The product of the following two amounts:
17 (I) The amount described in clause (i).
18 (II) The percentage change from the immediately preceding
19 fiscal year to the current fiscal year in gross taxable assessed
20 valuation within the jurisdiction of the entity, as reflected in the
21 equalized assessment roll for those fiscal years.
22 (2) Notwithstanding paragraph (1), “vehicle license fee
23 adjustment amount,” for a city incorporating after January 1,
24 2004, and on or before January 1, 2012, means the following:
25 (A) For the 2014–15 fiscal year, the quotient derived from the
26 following fraction:
27 (i) The numerator is the product of the following two amounts:
28 (I) The sum of the most recent vehicle license fee adjustment
29 amounts determined for all cities in the county.
30 (II) The population of the incorporating city.
31 (ii) The denominator is the sum of the populations of all cities
32 in the county.
33 (B) For the 2015–16 fiscal year and each fiscal year thereafter,
34 the sum of the following two amounts:
35 (i) The vehicle license fee adjustment amount for the prior fiscal
36 year.
37 (ii) The product of the following two amounts:
38 (I) The amount described in clause (i).
39 (II) The percentage change from the prior fiscal year to the
40 current fiscal year in gross taxable assessed valuation within the

1 *jurisdiction of the entity, as reflected in the equalized assessment*
2 *roll for those fiscal years.*

3 ~~(2)~~

4 (3) For the 2013–14 fiscal year, the vehicle license fee
5 adjustment amount that is determined under subparagraph (C) of
6 paragraph (1) for the County of Orange shall be increased by
7 fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal
8 year and each fiscal year thereafter, the calculation of the vehicle
9 license fee adjustment amount for the County of Orange under
10 subparagraph ~~(C)~~ (D) or (E), as applicable, of paragraph (1) shall
11 be based on a prior fiscal year amount that reflects the full amount
12 of this one-time increase of fifty-three million dollars
13 (\$53,000,000).

14 ~~(3)~~

15 (4) “Countywide vehicle license fee adjustment amount” means,
16 for any fiscal year, the total sum of the amounts described in
17 paragraphs ~~(1) and~~ (1), (2), and (3) for a county or city and county,
18 and each city in the county.

19 ~~(4)~~

20 (5) On or before June 30 of each fiscal year, the auditor shall
21 report to the Controller the vehicle license fee adjustment amount
22 for the county and each city in the county for that fiscal year.

23 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
24 the amounts determined under subdivision (a) of Section 96.1, or
25 any successor to that provision, shall not reflect, for a preceding
26 fiscal year, any portion of any allocation required by this section.

27 (e) For purposes of Section 15 of Article XI of the California
28 Constitution, the allocations from a Vehicle License Fee Property
29 Tax Compensation Fund constitute successor taxes that are
30 otherwise required to be allocated to counties and cities, and as
31 successor taxes, the obligation to make those transfers as required
32 by this section shall not be extinguished nor disregarded in any
33 manner that adversely affects the security of, or the ability of, a
34 county or city to pay the principal and interest on any debts or
35 obligations that were funded or secured by that city’s or county’s
36 allocated share of motor vehicle license fee revenues.

37 (f) This section shall not be construed to do any of the following:

38 (1) Reduce any allocations of excess, additional, or remaining
39 funds that would otherwise have been allocated to county
40 superintendents of schools, cities, counties, and cities and counties

1 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
2 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
3 with Section 98) had this section not been enacted. The allocations
4 required by this section shall be adjusted to comply with this
5 paragraph.

6 (2) Require an increased ad valorem property tax revenue
7 allocation or increased tax increment allocation to a community
8 redevelopment agency.

9 (3) Alter the manner in which ad valorem property tax revenue
10 growth from fiscal year to fiscal year is otherwise determined or
11 allocated in a county.

12 (4) Reduce ad valorem property tax revenue allocations required
13 under Article 4 (commencing with Section 98).

14 (g) Tax exchange or revenue sharing agreements, entered into
15 prior to the operative date of this section, between local agencies
16 or between local agencies and nonlocal agencies are deemed to be
17 modified to account for the reduced vehicle license fee revenues
18 resulting from the act that added this section. These agreements
19 are modified in that these reduced revenues are, in kind and in lieu
20 thereof, replaced with ad valorem property tax revenue from a
21 Vehicle License Fee Property Tax Compensation Fund or an
22 Educational Revenue Augmentation Fund.

23 *SEC. 2. Section 1.5 of this bill incorporates amendments to*
24 *Section 97.70 of the Revenue and Taxation Code proposed by this*
25 *bill and Assembly Bill 1521. It shall only become operative if (1)*
26 *both bills are enacted and become effective on or before January*
27 *1, 2015, (2) each bill amends Section 97.70 of the Revenue and*
28 *Taxation Code, and (3) this bill is enacted after Assembly Bill*
29 *1521, in which case Section 97.70 of the Revenue and Taxation*
30 *Code, as amended by Assembly Bill 1521, shall remain operative*
31 *only until the operative date of this bill, at which time Section 1.5*
32 *of this bill shall become operative, and Section 1 of this bill shall*
33 *not become operative.*

34 ~~SEC. 2.~~

35 *SEC. 3.* If the Commission on State Mandates determines that
36 this act contains costs mandated by the state, reimbursement to
37 local agencies and school districts for those costs shall be made

- 1 pursuant to Part 7 (commencing with Section 17500) of Division
- 2 4 of Title 2 of the Government Code.

O